A Monthly Report from The Conference Board

INTERNATIONAL ECONOMIC SCOREBOARD

The Conference Board

JANUARY, 1984 **SUMMARY** 2/84 R4105-6 A

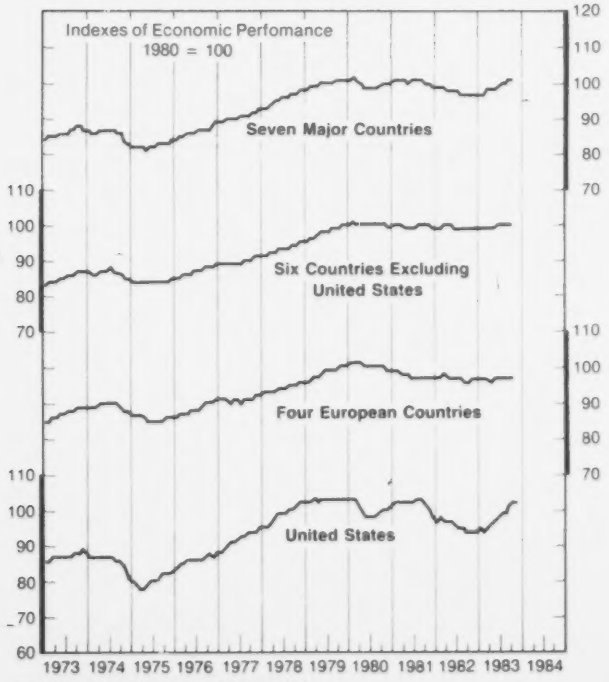
The indexes that anticipate what's ahead for the business cycle signal continued expansion throughout the industrialized world. In Europe, however, the economic recovery is developing more gradually than in North America and Japan. The combined leading index for France, West Germany, Italy and the United Kingdom was rising at an annual rate of 6 percent in October, while the leading index covering the U.S., Canada and Japan was climbing at a 15 percent rate. This differential pattern is equally pronounced in the indexes of economic performance, which usually follow the leaders. The recent growth rate of the performance indexes is zero for Europe against 8 percent for the other three countries.

Note: The indexes in this report have been revised in several ways; for details, see back page.

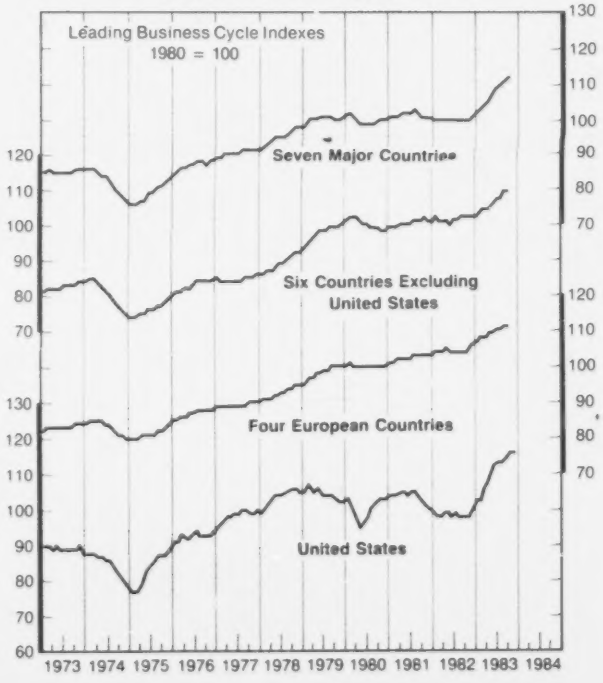
		*Indexes of Economic Performance Growth Rates**			*Leading Business Cycle Indexes Growth Rates**				
	Ten-year Growth Rate 1969-79	*6 mos. ago*	*3 mos. ago*	*Latest month*	*6 mos. ago*	*3 mos. ago*	*Latest month*	*Current Reading on the Cycle*	*Latest Month Covered*
	annual rates, percent								
United States	3	5	8	11	17	18	14	Strong expansion continuing	Nov.
Canada	4	1	6	8	15	16	11	Strong expansion continuing	Oct.
Japan	5	1	3	3	0	7	11	Expansion continuing	Oct.
United Kingdom	2	– 1	– 1	0	3	4	2	Leaders up slowly; economy sluggish	Oct.
West Germany	3	– 1	– 1	1	7	9	8	Leaders up sharply; economy sluggish	Oct.
France	4	1	2	1	8	8	5	Slow recovery underway	Oct./Nov.
Italy	3	– 5	– 1	– 2	4	5	5	Leaders advancing; economy weak	Oct./Aug.
7 countries	3	1	4	5	8	12	12	Recovery continuing	Oct.
6 countries ex. U.S.	4	0	1	2	5	7	8	Recovery continuing	Oct.
4 European countries	3	– 1	0	0	6	7	6	Sluggish recovery getting underway	Oct.
3 countries ex. Europe	4	2	6	8	10	16	15	Expansion continuing	Oct.

*Annual rate based on ratio of current month's index to average index over the preceding 12 months.

Where We Are



Where We're Headed



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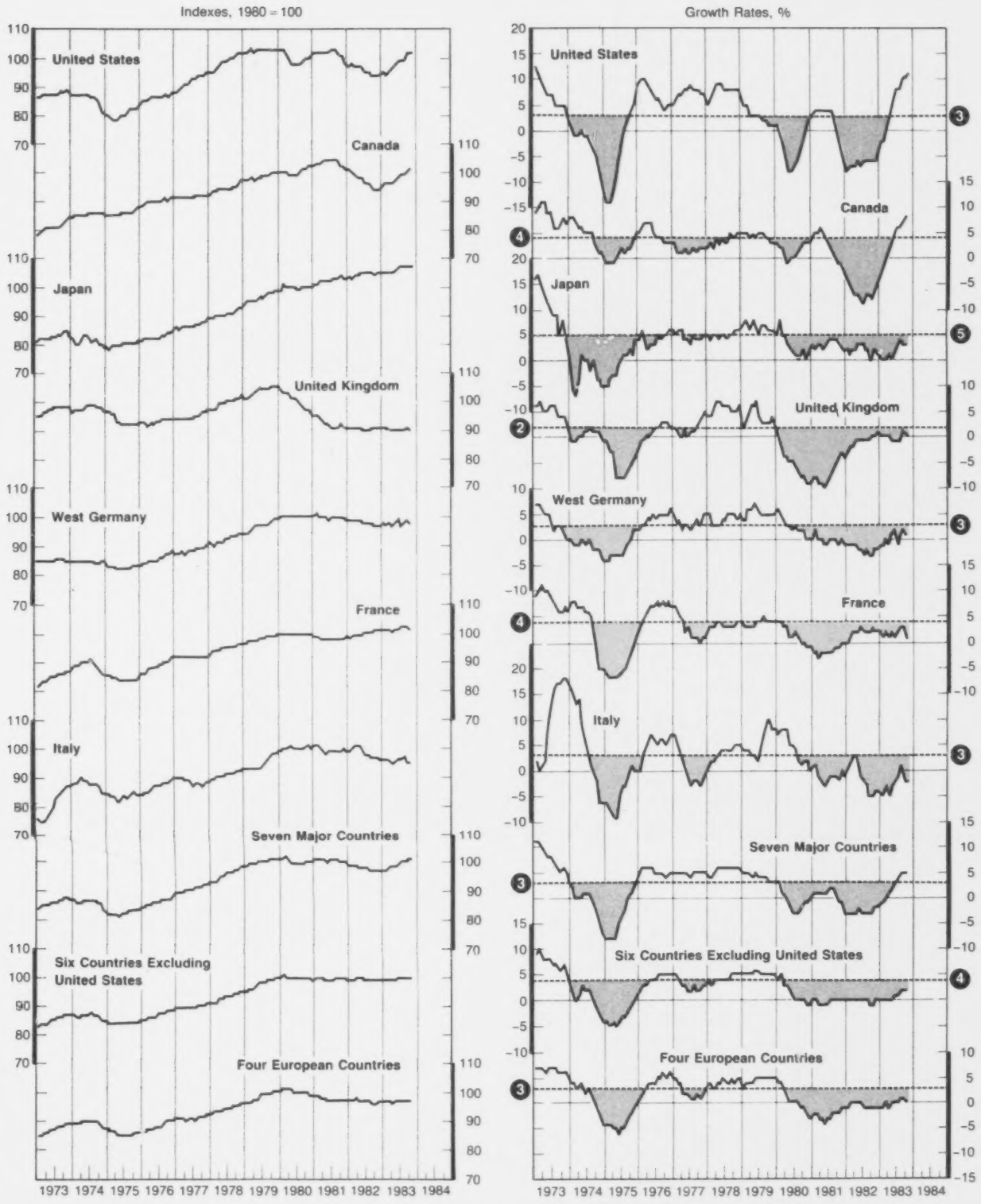
Where We Are

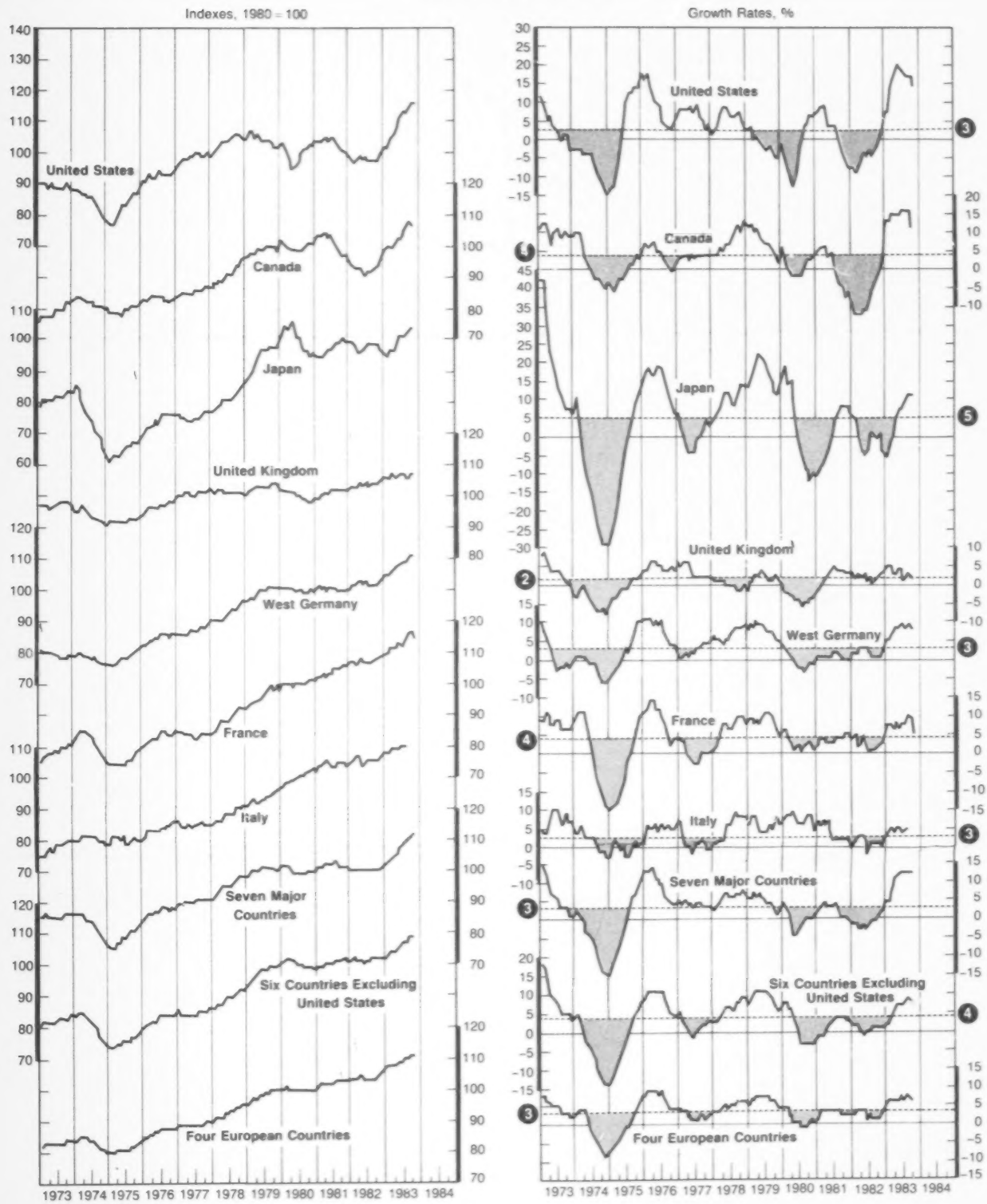
Indexes of Economic Performance



Note: Horizontal dashed lines are average growth rates for 1969-79 in the index and in real GNP
Source: The Conference Board

Where We're Headed

Leading Business Cycle Indexes



Note: Horizontal dash lines are average growth rates for 1969-79 in the index and in real GNP
Source: The Conference Board

INDEXES, SEVEN COUNTRIES, 1982-83

	U.S.		Canada		Japan		U.K.		West Germany		France		Italy		7 Countries		6 Countries ex. U.S.		4 Countries Europe	
	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
									Indexes, 1980 = 100											
Oct. 82	94	98	94	93	104	98	91	104	97	102	101	107	97	106	97	100	99	102	96	104
Nov. 82	94	98	94	94	105	98	91	104	97	102	101	107	97	106	97	100	99	102	97	105
Dec. 82	94	100	94	96	105	96	91	105	97	104	101	108	96	107	97	101	99	102	97	106
Jan. 83	95	102	95	99	105	95	91	106	98	105	101	109	96	108	97	102	99	102	97	107
Feb. 83	94	102	96	100	105	94	91	106	97	105	101	111	96	108	97	103	99	103	97	108
Mar. 83	95	105	96	100	105	96	90	107	98	106	101	111	96	109	98	104	99	104	97	108
Apr. 83	96	107	96	102	105	96	90	106	97	107	100	112	95	109	98	105	99	104	96	108
May 83	97	109	97	103	105	99	90	107	98	108	101	113	95	109	98	107	99	105	97	109
June 83	98	112	98	103	106	101	90	107	99	109	101	112	96	110	99	108	100	106	97	109
July 83	99	113	99	105	107	101	90	107	97	109	102	113	96	110	100	109	100	107	97	110
Aug. 83	99	113	99	106	107	102	90	106	98	110	102	115	97	110	100	110	100	107	97	110
Sept. 83	101	114	100	108	107	103	91	107	99	111	102	116	95		101	111	100	109	97	111
Oct. 83	102	116	101	107	107	104	90	107	98	111	101	117	95		101	112	100	109	97	111
Nov. 83	102	116										115								
									Growth Rates, Percent											
Oct. 82	- 6	-2	- 8	- 2	0	0	0	2	- 3	1	3	2	- 5	1	- 3	0	- 1	1	- 1	1
Nov. 82	- 6	-1	- 7	0	2	1	0	2	- 2	1	2	3	- 4	0	- 2	1	0	1	- 1	2
Dec. 82	- 5	3	- 5	5	1	-3	1	3	- 2	3	2	3	- 4	2	- 2	2	0	1	- 1	3
Jan. 83	- 2	7	- 3	11	0	-5	0	4	- 1	5	2	5	- 5	3	- 1	4	0	2	- 1	5
Feb. 83	- 2	7	- 2	13	0	-6	0	5	- 1	5	1	8	- 4	4	- 1	4	0	2	- 1	6
Mar. 83	0	11	0	13	0	-2	0	5	0	6	2	8	- 3	5	0	7	0	4	0	6
Apr. 83	2	14	1	15	1	0	0	3	- 1	7	1	7	- 5	4	1	8	0	5	- 1	6
May 83	5	17	3	15	0	5	- 1	3	1	8	2	8	- 3	5	2	11	0	6	0	6
June 83	7	20	5	15	1	7	- 1	4	2	8	1	7	- 2	5	3	12	1	7	0	6
July 83	8	19	6	16	3	7	- 1	4	- 1	9	2	8	- 1	4	4	12	1	7	0	7
Aug. 83	8	18	6	16	4	8	- 1	1	1	8	3	8	1	5	5	12	2	7	1	6
Sept. 83	10	17	7	16	3	11	1	3	2	9	3	10	- 2		5	12	2	9	1	7
Oct. 83	10	17	8	11	3	11	0	2	1	8	1	9	- 2		5	12	2	8	0	6
Nov. 83	11	14										5								
									Ten Year Annual Growth Rate, Percent											
1969-79	3	3	4	4	5	5	2	2	3	3	4	4	3	3	3	3	4	4	3	3

THE INTERNATIONAL ECONOMIC INDICATOR SYSTEM

Each issue of the *Scoreboard* includes indexes of economic performance for the major industrial nations as well as the leading indexes. The economic performance indexes are composites of such series as real GNP, industrial production, employment and sales—what analysts call "coincident" series, because they *define* the business cycle.

The leading indexes are composites of such series as new orders, construction contracts, corporate profits and stock prices—indicators that usually anticipate changes in production and employment by several months. Thus the indexes of economic performance tell us the current status of the business cycle, i.e., where we are, while the leading indexes tell us where the economy is headed.

Experience has shown that when the leading index begins to rise faster, it is a fairly safe rule that the economy will soon begin to rise faster too—typicaly after three or four months. When the leading index begins to rise more slowly or to decline, the economy is likely to follow suit shortly thereafter. (For details, see "What the Leading Indicators Indicate," *Across The Board*, April 1980 and *Business Cycles, Inflation and Forecasting*, Ballinger Publishing Co., 1983.) Considerable variation in the length of lead is to be expected, however. Constant monitoring is needed to make effective use of the system and get early warnings of recessions and recoveries, changes in foreign trade flows, and new inflationry trends.

The indexes for the seven major industrial nations were developed by Geoffrey H. Moore and Philip A. Klein, and are maintained by the Center for International Business Cycle Research at the Columbia Business School. (The U.S. indexes used here differ slightly from the indexes reported monthly by the U.S. Dept. of Commerce.) To facilitate analysis the indexes are adjusted so their long-run growth rates, 1969-79, are equal to those in real GNP in the country concerned. These growth rates are shown at the bottom of the table on the back page and by horizontal lines on the right panel of the charts on pages 2 and 3.

Revisions, January 1984:

The indexes are shown with 1980 = 100 rather than 1970 = 100. The long-run growth rate (see above) is for 1969-79, not 1966-76. The composite indexes for groups of countries are weighted by each country's GNP in 1980, not 1970, and a new index is shown for the U.S., Canada and Japan. A few changes have been made in the components of the indexes.

For More Information

To find out more about this indicator system and the availability of detailed data for each country please address inquiries to

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